S.Y.BIM - SEM IV - Reg. Exam - Apr / May 2018

Fin. Derivatives

4.5.18

Q. P. Code: 37992

Time: 2:30 hours **Marks: 75**

Please check whether you have got the right question paper.

N.B.: 1. All questions carry equal marks.
2. Use simple calculator.

Q1(A) <u>Multiple choice questions (Any 8)</u> **(8 MARKS)**

1. Payoff for seller of put option is called as-
   a) Holder
   b) Writer
   c) Short put
   d) None of above

2. Making riskless profits due to price imperfections is referred to as-
   a) Arbitraging
   b) Speculating
   c) Hedging
   d) Market making

3. Markets in which derivatives are traded are classified as ______
   a) Assets backed market
   b) Cash flow backed market
   c) Mortgage backed markets
   d) Derivative securities markets

4. The underlying asset for a derivative contract can be ____
   a) Equity
   b) Commodities
   c) Interest rate
   d) Any of the above

5. OTC derivatives are considered risky because______
   a) They are not settled on a clerical house
   b) There is no formal margining system
   c) They do not follow any formal rules or mechanisms
   d) All of the above

6. Forward contracts are ______contracts
   a) Future
   b) Multilaternal
   c) Trilaternal
   d) Bilaternal

7. Types of unit which guarantees that all buying and selling will ne made by traders of exchange is called_____
   a) Trading house
   b) Guarantee house
   c) Clearing house
   d) Professional house

8. Combination option strategy is divided into
   a) Straddle
   b) Synthetic short
   c) Synthetic long
   d) None of above

9. Who are the participants in the derivatives market?
   a) Speculators
   b) Hedgers
   c) Arbitrageurs
   d) All of the above

10. An option which can be exercised at any time up to the expiration date is know as
   a) American option
   b) European option
   c) Call option
   d) None of the above

Q1(B) MATCH THE PAIRS (Any 7) **(7 MARKS)**

COLUMN A	COLUMN B
1. Forward	a. Personalized
2. Futures	b. Rights But No Obligation
3. Options	c. Riskless Profit
4. Hedging	d. Highly Riskly
5. Arbitrage	e. Exchange Traded
6. Speculating	f. Standardized
7. Market Makers	g. OTC Traded
8. Exchange Traded Derivatives	h. Transferring Risk
9. OTC Derivative	i. Contracts Deriving Value From An Underlying Asset
10. Derivatives	j. Offer Both Buy And Sell Quotes

Q2 (A) Explain types of derivatives? **(8 MARKS)**

Q2 (B) What is derivatives? Explain Advantages and disadvantages of derivatives? **(7 MARKS)**

OR

(C) Derivatives and participants of derivatives? (7 MARKS)

(D) What factors deriving growth of derivatives market? (7 MARKS)

(A) What is index and explain significances of index? (8 MARKS)

(B) Explain selection criteria of stocks for trading? (7 MARKS)

OR

(C) Adjustments for corporate actions? (8 MARKS)

(D) Explain types of stock market indices?? (7 MARKS)

4 (A) what is Option and explain its Trading Strategies? (8 MARKS)

4 (B) Explain Black & Scholes Model (7 MARKS)

OR

Q4 (C).An investor buys 100 Nifty call options at a strike of Rs.4000 On June 15 .Nifty Index Is At Rs.4050 Premium Paid Rs.10,000 (Rs.100 Per Call X 100 Calls) .explain call option with the answer. (5 MARKS)

Q4 (D) Explain pay off charts for call option? (10 MARKS)

Q5 (A) Explain Payoff for a long future contract with charts? (8 MARKS)

Q5 (B) Explain meaning and features of future contract? (7 MARKS)

OR

Q5 (C) EXPLAIN THE TERMS(any 3) (15 MARKS)

1. Contract cycle
2. Future price
3. Expiry date
4. Marking to market
5. Open interest

****